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SUBJECT: "PLEASE TRAIN OUR WORKERS" -- TAJIK BUSINESS ROUNDTABLE

**¶1.** (U) Summary. While the upper echelons of the Tajik government focus on immense energy projects, a frank and lively discussion by local businesspeople offered fresh examples of corruption and decay in the small and medium enterprise sector, especially related to customs, standards, and the lack of business associations. At an Embassy-hosted round-table, five business representatives asked for U.S. assistance for vocational training opportunities for Tajik workers, bemoaning their lack of readiness for the modern, post-Soviet world. End Summary.

**¶2.** (U) The Embassy hosted a roundtable October 25 with representatives from small and medium-sized enterprises (SMEs) to discuss difficulties in the Tajik business operating environment. Tajik participants included Maruf Orifov and Gulnora Mahmudova from the Orima supermarket chain; Matluba Uljabaeva of the Association of Small and Medium Enterprises; Khalilov Jalil, a customs broker; and Tamara Khalikova of the Association of Construction Enterprises.

**¶3.** (U) Uljabaeva lamented the lack of effective business associations in Tajikistan, laying blame squarely on the Tajiks who are afraid of speaking out for themselves. She lambasted the Special Commission on Business Promotion under the Ministry of Economy and Trade as utterly ineffective and described how ongoing complications with inspections and licensing, standardization, and taxes all hinder small business growth. She spoke in favor of a U.S.-Tajik Chamber of Commerce in Tajikistan and endorsed the EBRD's plans for a Tajik business council.

**¶4.** (U) Khalilov Jalil, a local customs broker, enumerated concrete examples of problems with customs and standards. Gosstandart, the State Agency for Industrial Standards, charges a heavy 0.3 to 1.5% for standardization services on imported goods to Tajikistan, and does not publish a specific list of goods that need to be certified. They try to license all goods that enter Tajikistan, with sometimes humorous results. For example, when a Tajik company attempted to import a plane, Gosstandart required the company to receive a government license, but Gosstandart did not have the equipment to check the plane. He described the difficulties Russian Hotels is having with customs clearance to build the Hyatt in Dushanbe. The lack of clear mechanisms for regulating customs allows massive fraud, waste, and mismanagement to occur. In another example, Gosstandart certifies food products for three months regardless of whether they last three months or three years. For the Orima Supermarket chain that imports 13,000 different goods, this presents a serious obstacle for business. They noted that the market reports produced by the U.S. Department of Commerce BISNIS program provide some of the best information on Tajik customs and regulatory processes not only for foreign investors,

but for domestic companies.

¶ 15. (U) Representatives marveled at certain government peculiarities. For instance, the government places high protective import tariffs on goods even when there is no domestic production to protect. Business visas to Tajikistan cost different amounts depending on the country of origin, and remain onerous to obtain.

¶ 16. (U) Participants all complained about the Tajik workforce's inexperience. Orima has opened up its own training center for its employees to teach them basic accounting, management, and customer service. U.S. exchanges and technical assistance could provide needed support in this area.

¶ 17. (U) Comment: The small businesses' complaints about customs and inspections are familiar, but their recognition of the severe shortcomings in human capacity is new. The government frequently touts its low-cost workforce as an incentive for foreign investors to come to Tajikistan, but employers often get what they pay for. A workforce short on education and competency is not necessarily an advantage even at cut-rate wages. Until human capital improves, foreign investors in Tajikistan could end up being as frustrated as Tajik businessmen themselves. End Comment.

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